The undersigned, the Secretary of State, has the honor to submit to the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if the President approve thereof, a treaty of friendship, commerce and navigation between the United States of America and the Republic of Nicaragua, together with a protocol relating thereto, signed at Managua on _____, 1955.

This treaty places commercial relations between the United States and Nicaragua on a bilateral treaty basis similar to that which existed under the treaty of friendship, commerce and navigation, signed at Managua on June 21, 1867, and terminated on October 24, 1905. The present treaty is a comprehensive instrument which expresses the common faith of the two countries in liberal principles and is designed to provide an effective basis for the development of business, trade and other commercial relationships.

In common with other treaties of friendship, commerce, and navigation entered into by the United States in recent years, the new treaty deals in considerable detail with a wide range of subject matter. In general, each of the two Governments: (1) agrees to accord, within its territories, to citizens and corporations of the other country treatment no less favorable than it accords to its own citizens and corporations with respect to normal commercial and industrial pursuits; (2) affirms its adherence to the principles of non-discriminatory treatment of trade and shipping; (3) formally endorses standards regarding the protection of persons and their property and interests that reflect the most enlightened constitutional principles; and (4) recognizes the need for special attention to the problems of stimulating the flow of private capital investment. Specifically, the provisions of the treatv fall into nine broad categories: (1) entry, travel and residence; (2) basic personal freedoms; (3) guaranties with respect

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respect to property rights; (4) the conduct and control of business enterprises; (5) taxation; (6) exchange restrictions; (7) the exchange of goods; (8) navigation; and (9) exceptions, territorial applicability, and miscellaneous provisions.

The new treaty with Nicaragua resembles most nearly the treaty of friendship, commerce and navigation with Japan, signed at Tokyo on April 2, 1953 (S. Ex. O., 83rd Cong., 1st Sess.), and is generally comparable with the treaty with Israel, signed at Washington on August 23, 1951 (S. Ex. R., 82d Cong., 1st Sess.), and that with Greece, signed at Athens on August 3, 1951 (S. Ex. J., 82d Cong., 2d Sess.), which treaties have received the Senate's advice and consent to ratification.

As has been done in similar treaties with other countries, certain changes from the standard language have been made by way of clarification or accommodation, and some adjustments of substance have been included to meet special circumstances. The only substantive change of any significance, not previously utilized in a treaty of this type, is a provision (Article XX, paragraph 4) designed to facilitate Nicaraguan participation in any future program of Central American economic integration. Its effect will be to enable Nicaragua to release itself from most-favored-nation commitments to the United States in the treaty, other than those relating to the treatment of imports and exports, when required to do so within a program of regional economic integration. [This is a relatively minor change since] Most of the non-trade provisions of the treaty are based, however, upon the standard of "national" treatment rather than "most-favored-nation" treatment and consequently the standard is for the most part of secondary significance. In conformity with the sense of the Senate reservation adopted in connection with the approval of previous treaties, provisions granting rights with respect to engaging in the practice of state-licensed professionals are not included.

Other points of difference between this treaty and most of the other recent U. S. treaties of the type entered into since 1946 are: (a) the inclusion of a provision (Article II, paragraph 3) for the mutual

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encouragement of tourism, similar to that in the treaty with Uruguay, signed at Montevideo on November 3, 1949 (S. Ex. D., 81st Cong., 2d Sess.) and the treaty with Haiti, signed at Port-au-Prince on March 3, 1955 (S. Ex. _____, 84th Cong., 1st Sess.); (b) modification of the provision (Article VIII, paragraph 1) regarding employment of technical personnel to insure that the treaty does not conflict with Nicaraguan laws requiring employment of a certain proportion of Nicaraguan nationals; (c) substitution of a more detailed provision (Article XIV, paragraph 6 c) excepting from the most-favored-nation clause, advantages accorded by virtue of a customs union or free trade area; (d) inclusion of a provision (Article XVI, paragraph 3) for the maintenance of practices to prevent deceptive usage of the term "coffee"; (e) modification of the provision (Article XVIII, paragraph 2) according private enterprises advantages accorded public enterprises, to insure that Government programs to statulize prices of domestic products are excepted from the provision; and (f) inclusion of a provision (Protocol, paragraph 1) clarifying the application of Sec. 101(a)15(E)(ii) of the Immigration and Nationality Act (treaty investor status) with respect to its applicability to company representatives in conformity with the regulations, similar to the provisions in the treaty with the Federal Republic of Germany, signed at Washington on October 29, 1954 (S. Ex. E., 84th Cong., 1st Sess.) and the treaty with Haiti, signed at Prot-au-Prince on March 3, 1955 (S. Ex. _____, 84th Cong., 1st Sess.).

Respectfully submitted.

John Foster Dulles

(Enclosure: Treaty of friendship, commerce and navigation, with protocol, signed at Managua _____, 1955.)

(Article VIII, paragraph 1) regarding employment of technical personnel to insure that the treaty does not conflict with Nicaraguan laws requiring employment of a certain proportion of Nicaraguan nationals; (c) substitution of a more detailed provision (Article XIV, paragraph 6 c) excepting from the most-favored-nation clause, advantages accorded by virtue of a customs union or free trade area; (d) inclusion of a provision (Article XVI, paragraph 3) for the maintenance of practices to prevent deceptive usage of the term "coffee"; (e) modification of the provision (Article XVIII, paragraph 2) according private enterprises advantages accorded public enterprises, to insure that Government programs to statulize prices of domestic products are excepted from the provision; and (f) inclusion of a provision (Protocol, paragraph 1) clarifying the application of Sec. 101(a)15(E)(ii) of the Immigration and Nationality Act (treaty investor status) with respect to its applicability to company representatives in conformity with the regulations, similar to the provisions in the treaty with the Federal Republic of Germany, signed at Washington on October 29, 1954 (S. Ex. E., 84th Cong., 1st Sess.) and the treaty with Haiti, signed at Prot-au-Prince on March 3, 1955 (S. Ex. _____, 84th Cong., 1st Sess.).

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